Introduction of New Markets Tax Credit bill

Remarks by Rep. Ron Lewis

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MADAM SPEAKER, I am pleased to join my colleague Congressman Neal in introducing legislation to extend New Markets Tax Credit program for an additional five years through 2013.

Originally authorized in 2000 as part of the bi-partisan Community Renewal Tax Relief Act, the New Markets Tax Credit has been successful in meeting its principal goal – namely, mobilizing capital to economically distressed urban and rural communities.

Reports from the U.S. Department of the Treasury, reveals that interest in the NMTC from the investor market continues to increase at a rapid pace. More than $7.7 billion in new private capital has already been raised from 560 distinct investors. A recent report released by GAO indicates that 88% of investors in New Markets Tax Credit projects would not have made the same investment without the Credit.

In addition to stimulating private investment, the credit is creating jobs and financing business development in low income communities across the United States. In my home state of Kentucky, the credit has been very active. Seven Kentucky based community development entities (CDEs) have received credit allocations totaling $153.5 million since 2003. One of these CDEs, Kentucky Highlands Investment Corporation, is using its $22 million allocation to invest in health related businesses and health care facilities in rural Kentucky. Community Ventures Corporation, also secured $24 million in credits to invest in new and expanding businesses throughout the Commonwealth. These projects have the potential to create new jobs. To date, Community Ventures Corporation has used its credits to raise $24 million in investment that has been deployed in businesses throughout the state and it has a pipeline of qualified businesses seeking more that $121 million in NMTC financing that will have to wait until they can secure additional credits.

I believe the NMTC is a successful program because it brings diverse groups together – public and private sectors, investment banks and community development corporations – to attract private capital and jobs into some of the nation's most impoverished areas.

The NMTC has been successful because of the emphasis it places on community involvement. Private sector investment flows through entities like Kentucky Highlands Investment Corporation and Community Ventures Corporation that are extremely knowledgeable about the communities they serve and are experienced in providing the types of patient, flexible capital which conventional lenders and investors are unable to provide directly in that market.

The NMTC continues to be a catalyst for small business development. It has fostered start-ups, technology firms, manufacturers, neighborhood retail stores, and shopping centers in low income communities. These investments in turn have created many jobs.

In addition, the NMTC has been used to finance vital community facilities that are often lacking in poor communities – charter schools, community health centers, biotechnology campuses, employment training centers, day care facilities, as well as mixed-use commercial and housing developments. These facilities are essential to help qualified communities grow and thrive.

I am a strong believer in the potential of the New Markets Tax Credit to bring capital to communities that have traditionally been left behind. I was pleased to be one of the leaders of the campaign to extend the Credit in 109th Congress and am proud of our accomplishments during that period of time. I continue to believe that Congress should extend the New Markets Tax Credit for several years, or provide a permanent authorization. Investors, CDE's and businesses need greater certainty in planning and implementing revitalization strategies in economically distressed urban and rural communities.

For this reason, I believe this legislation takes the correct course by authorizing this program for five years. I urge my colleagues to join us in co-sponsoring the New Markets Tax Credit Extension Act of 2007.